

House Engrossed

FILED

MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-third Legislature
First Regular Session
2017

CHAPTER 226
HOUSE BILL 2160

AN ACT

AMENDING SECTION 20-1243, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 6, ARTICLE 1.3, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-1243.07; RELATING TO ANNUITY TRANSACTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-1243, Arizona Revised Statutes, is amended to
3 read:

4 20-1243. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Annuity" means ~~a fixed or variable~~ AN annuity that is
7 individually solicited, whether the product is classified as an individual
8 or group annuity.

9 2. "Business entity" has the same meaning prescribed in section
10 20-281.

11 3. "Insurance producer" has the same meaning prescribed in section
12 20-281.

13 4. "Insurer" has the same meaning prescribed in section 20-104.

14 5. "Managing general agent" has the same meaning prescribed in
15 section 20-311.

16 6. "Recommendation" means advice provided by an insurance producer,
17 or an insurer if no producer is involved, to an individual consumer that
18 results in a purchase or exchange of an annuity pursuant to that advice.

19 Sec. 2. Title 20, chapter 6, article 1.3, Arizona Revised Statutes,
20 is amended by adding section 20-1243.07, to read:

21 20-1243.07. Insurance producer training; annuities;
22 continuing education

23 A. AN INSURANCE PRODUCER MAY NOT SOLICIT THE SALE OF AN ANNUITY
24 PRODUCT UNLESS THE INSURANCE PRODUCER HAS ADEQUATE KNOWLEDGE OF THE
25 PRODUCT TO RECOMMEND THE ANNUITY AND THE INSURANCE PRODUCER IS IN
26 COMPLIANCE WITH THE INSURER'S STANDARDS FOR PRODUCT TRAINING. AN
27 INSURANCE PRODUCER MAY RELY ON INSURER-PROVIDED PRODUCT SPECIFIC TRAINING
28 STANDARDS AND MATERIALS TO COMPLY WITH THIS SUBSECTION.

29 B. BEFORE SELLING, SOLICITING OR NEGOTIATING AN ANNUITY, AN
30 INSURANCE PRODUCER WITH A LIFE INSURANCE LINE OF AUTHORITY SHALL COMPLETE
31 A ONE-TIME FOUR CREDIT-HOUR TRAINING COURSE APPROVED PURSUANT TO SECTION
32 20-2904 THAT IS PROVIDED BY AN EDUCATION PROVIDER APPROVED PURSUANT TO
33 SECTION 20-2904.

34 C. THE MINIMUM LENGTH OF THE TRAINING REQUIRED UNDER SUBSECTION B
35 OF THIS SECTION SHALL BE SUFFICIENT TO QUALIFY FOR AT LEAST FOUR
36 CONTINUING EDUCATION CREDIT HOURS, BUT MAY BE LONGER. THE TRAINING
37 REQUIRED UNDER SUBSECTION B OF THIS SECTION SHALL INCLUDE INFORMATION ON
38 THE FOLLOWING TOPICS:

39 1. TYPES OF ANNUITIES AND VARIOUS CLASSIFICATIONS OF ANNUITIES.

40 2. IDENTIFICATION OF THE PARTIES TO AN ANNUITY.

41 3. HOW PRODUCT-SPECIFIC ANNUITY CONTRACT FEATURES AFFECT CONSUMERS.

42 4. THE APPLICATION OF INCOME TAXATION OF QUALIFIED AND NONQUALIFIED
43 ANNUITIES.

44 5. THE PRIMARY USES OF ANNUITIES.

1 6. APPROPRIATE SALES PRACTICES, REPLACEMENT REQUIREMENTS AND
2 DISCLOSURE REQUIREMENTS.

3 D. A PROVIDER OF AN ANNUITY TRAINING COURSE INTENDED TO COMPLY WITH
4 THIS SECTION SHALL COVER ALL TOPICS LISTED IN SUBSECTION C OF THIS SECTION
5 AND MAY NOT PRESENT ANY MARKETING INFORMATION, PROVIDE TRAINING ON SALES
6 TECHNIQUES OR PROVIDE SPECIFIC INFORMATION ABOUT A PARTICULAR INSURER'S
7 PRODUCTS. ADDITIONAL TOPICS MAY BE OFFERED IN CONJUNCTION WITH AND IN
8 ADDITION TO THE TOPICS LISTED IN SUBSECTION C OF THIS SECTION. A PROVIDER
9 OF AN ANNUITY TRAINING COURSE INTENDED TO COMPLY WITH THIS SECTION SHALL
10 REGISTER AS A CONTINUING EDUCATION PROVIDER IN THIS STATE AND SHALL COMPLY
11 WITH THE RULES AND GUIDELINES APPLICABLE TO INSURANCE PRODUCER CONTINUING
12 EDUCATION COURSES REQUIRED BY CHAPTER 18 OF THIS TITLE. A PROVIDER OF AN
13 ANNUITY TRAINING COURSE SHALL COMPLY WITH THE REPORTING REQUIREMENTS AND
14 SHALL ISSUE A CERTIFICATE OF COMPLETION IN ACCORDANCE WITH CHAPTER 18 OF
15 THIS TITLE.

16 E. ANNUITY TRAINING COURSES MAY BE CONDUCTED AND COMPLETED BY
17 CLASSROOM OR SELF-STUDY METHODS IN ACCORDANCE WITH CHAPTER 18 OF THIS
18 TITLE AND ANY RULES OF THE DEPARTMENT. SATISFACTORY COMPLETION OF THE
19 TRAINING REQUIREMENTS OF ANOTHER STATE THAT ARE SUBSTANTIALLY SIMILAR TO
20 THE PROVISIONS OF THIS SECTION SATISFY THE TRAINING REQUIREMENTS OF THIS
21 SECTION.

22 F. AN INSURER SHALL VERIFY THAT AN INSURANCE PRODUCER HAS COMPLETED
23 THE ANNUITY TRAINING COURSE BEFORE ALLOWING THE PRODUCER TO SELL AN
24 ANNUITY PRODUCT FOR THAT INSURER. AN INSURER MAY SATISFY ITS
25 RESPONSIBILITY UNDER THIS SUBSECTION BY OBTAINING CERTIFICATES OF
26 COMPLETION OF THE ANNUITY TRAINING COURSE OR OBTAINING REPORTS PROVIDED BY
27 DEPARTMENT-SPONSORED DATABASE SYSTEMS OR VENDORS OR FROM A REASONABLY
28 RELIABLE COMMERCIAL DATABASE VENDOR THAT HAS A REPORTING ARRANGEMENT WITH
29 APPROVED INSURANCE EDUCATION PROVIDERS.

30 Sec. 3. Effective date

31 Section 20-1243.07, Arizona Revised Statutes, as added by this act,
32 is effective from and after December 31, 2017.

APPROVED BY THE GOVERNOR MAY 1, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 1, 2017.

Passed the House February 6, 20 17

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

W. R. Boyce

Speaker of the House

☒ Pro Tempore

Jim Duda

Chief Clerk of the House

Passed the Senate April 24, 20 17

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Steve B. Montenegro

President of the Senate

Susan Owens

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

25th day of April, 20 17

at 12:09 o'clock P. M.

[Signature]

Secretary to the Governor

Approved this 1st day of

May 20 2017

at 4:14 o'clock P. M.

[Signature]

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 1 day of May, 20 17

at 7:03 o'clock P. M.

Michele Reagan

Secretary of State

H.B. 2160